



April 1, 2003

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## ENGROSSED HOUSE BILL No. 1523

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DIGEST OF HB 1523 (Updated March 27, 2003 12:13 PM - DI 102)

**Citations Affected:** Noncode.

**Synopsis:** Investment selections. Directs the board of trustees of the public employees' retirement fund (PERF board) to conduct a pilot program concerning implementation of a member's investment selection and the crediting of a member's contributions and earnings in the fund for the defined contribution plan of the legislators' retirement system. Requires the PERF board to report to the pension management oversight commission the results of the program, and if the report includes a finding that the program should be implemented on a permanent basis, to recommend proposed legislation and to provide a schedule to extend the program to all funds for which the PERF board has responsibility.

**Effective:** July 1, 2003.

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### Dobis, Whetstone, Grubb

(SENATE SPONSORS — HARRISON, LEWIS)

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January 16, 2003, read first time and referred to Committee on Labor and Employment.  
February 19, 2003, amended, reported — Do Pass. Recommended to Committee on Ways and Means.

February 27, 2003, referral to Committee on Ways and Means withdrawn.

March 3, 2003, read second time, amended, ordered engrossed.

March 4, 2003, engrossed. Read third time, passed. Yeas 95, nays 2.

#### SENATE ACTION

March 13, 2003, read first time and referred to Committee on Pensions and Labor.

March 31, 2003, amended, reported favorably — Do Pass.

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EH 1523—LS 7575/DI 102+



April 1, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1523

A BILL FOR AN ACT concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. [EFFECTIVE JULY 1, 2003] (a) As used in this  
2       SECTION, "PERF board" refers to the public employees'  
3       retirement fund board of trustees established by IC 5-10.3-3-1.

4       (b) As used in this SECTION, "fund" refers to the fund for the  
5       defined contribution plan of the legislators' retirement system  
6       established by IC 2-3.5-3-2.

7       (c) Beginning January 1, 2004, the PERF board shall conduct a  
8       pilot program concerning:

9               (1) the implementation of a member's investment selection;  
10              and

11             (2) the crediting of a member's contributions and earnings;  
12       for the fund.

13       (d) The pilot program referred to in subsection (c) must include  
14       the following elements:

15             (1) Notwithstanding IC 2-3.5-5-3(b)(2), the PERF board shall  
16             implement a member's selection under IC 2-3.5-5-3 not later  
17             than the next business day following receipt of the member's

EH 1523—LS 7575/DI 102+



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1 selection by the PERF board. This date is the effective date of  
2 the member's selection.

3 (2) Notwithstanding IC 2-3.5-5-3(b)(7), all contributions to a  
4 member's account in the fund must be allocated under  
5 IC 2-3.5-5-3 not later than the last day of the quarter in which  
6 the contributions are received and reconciled in accordance  
7 with the member's most recent effective direction.

8 (3) Notwithstanding IC 2-3.5-5-3(c) and IC 2-3.5-5-3(d), when  
9 a member retires, becomes disabled, dies, or withdraws from  
10 the fund, the amount credited to the member is the market  
11 value of the member's investment as of five (5) business days  
12 preceding the member's distribution or annuitization at  
13 retirement, disability, death, or withdrawal, plus  
14 contributions received after that date.

15 (4) Notwithstanding IC 2-3.5-5-4, contributions to the fund  
16 under IC 2-3.5-5-4 must be credited to the fund not later than  
17 the last day of the quarter in which the contributions were  
18 deducted.

19 (5) Notwithstanding IC 2-3.5-5-5, the state shall make  
20 contributions under IC 2-3.5-5-5 to the fund not later than the  
21 last day of each quarter. The contributions must equal twenty  
22 percent (20%) of the annual salary received by each  
23 participant during that quarter.

24 (e) Before November 1, 2005, the PERF board shall report to the  
25 pension management oversight commission established by  
26 IC 2-5-12 the results of the pilot program referred to in subsection  
27 (c) and shall recommend proposed legislation if the report includes  
28 a finding that the pilot program should be implemented on a  
29 permanent basis. If the PERF board recommends implementing  
30 the pilot program on a permanent basis, the PERF board shall  
31 provide to the pension management oversight commission a  
32 schedule to implement the elements of the pilot program on a  
33 permanent basis for all funds for which it has responsibility.

34 (f) This SECTION expires December 31, 2005.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1523, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning pensions.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1523 as introduced.)

LIGGETT, Chair

Committee Vote: yeas 12, nays 0.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1523 be amended to read as follows:

Page 2, line 27, strike "(c)." and insert "(c). The PERF board shall produce a schedule within which it shall bring into the provisions of this section all funds for which it has responsibility."

(Reference is to HB 1523 as printed February 20, 2003.)

WHETSTONE

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1523, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 27, delete ". The" and insert "**and shall recommend proposed legislation if the report includes a finding that the pilot program should be implemented on a permanent basis. If the PERF board recommends implementing the pilot program on a permanent basis, the**".

Page 2, line 27, delete "produce" and insert "**provide to the pension management oversight commission**".

Page 2, line 27, delete "within which it shall".

Page 2, line 28, delete "bring into the provisions of this section" and insert "**to implement the elements of the pilot program on a permanent basis for**".

and when so amended that said bill do pass.

(Reference is to HB 1523 as reprinted March 4, 2003.)

HARRISON, Chairperson

Committee Vote: Yeas 9, Nays 0.

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